
The Washington City Council met in a continued session on Monday, May 1, 2006 in the Council Chambers at the Municipal building at 4:30 p.m. Present were: Judy Jennette, Mayor; Richard Brooks, Councilman; Archie Jennings, Councilman; Ed Gibson, Councilman; Mickey Gahagan, Councilman; James Smith, City Manager; and Rita A. Thompson, City Clerk; and Fred Holscher, City Attorney. Darwin Woolard, Mayor Pro tem, was absent.

Also present were: Carol Williams, Finance Director; Jimmy Davis, Fire Chief; Allen Lewis, Public Works Director; Joe Stringer, Police Chief; and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and Councilman Gibson delivered the invocation.

AMENDMENTS/APPROVAL OF AGENDA

Jim Smith, City Manager, asked that the Hamilton Beach Lease be added to the agenda.

On motion of Councilman Gahagan, seconded by Councilman Jennings, Council unanimously added the Hamilton Beach Lease to the agenda.

HAMILTON BEACH LEASE AMENDMENT

Mr. Smith explained to Council that the Hamilton Beach Lease Agreement expires May 1, 2006. A stipulation in the lease agreement was for Hamilton Beach to perform certain maintenance/repairs to the building which has not been done yet. Hamilton Beach has asked that the city extend the lease for an additional three months in order for them to fill their obligations under the lease.

After discussion, on motion of Councilman Gahagan, seconded by Councilman Brooks, Council unanimously agreed to approve an amendment to the Amended and Restated Lease to give a three month extension for the Hamilton Beach building for a monthly fee of \$15,125 beginning June 1, 2006.

AMENDMENT TO AMENDED AND RESTATED LEASE

This Amendment to Amended and Restated Lease (this "Amendment") is made and entered into effective as of April 24, 2006, by and between the CITY OF WASHINGTON, NORTH CAROLINA, a municipal corporation organized and existing under the laws of North Carolina ("Lessor"), and HAMILTON BEACH/PROCTOR-SILEX, INC., a corporation organized and existing under the laws of Delaware ("Lessee").

WHEREAS, Lessor and Lessee are parties to the Amended and Restated Lease dated May 21, 1999 relating to certain real property located at 234 Springs Road, Washington, Beaufort County, North Carolina (the "Lease"), and they have agreed to extend the term of the Lease as hereinafter set forth;

NOW THEREFORE, in consideration of the covenants and conditions herein contained, and other good and valuable consideration duly acknowledged and received, Lessor and Lessee agree and amend the Lease as follows:

1. The Term of the Lease, as defined in Section 3.02 of the Lease, is hereby extended to end at midnight on August 31, 2006.
2. The Basic Rent, as defined in Section 4.01 of the Lease, for the extended Term shall be \$15,125.00 per month, which shall be paid in advance beginning on June 1, 2006 and continuing on the first day of each month thereafter for the remainder of the extended Term.

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3. As amended by this Amendment, and by necessary implication, all of the other terms and conditions of the Lease shall remain in full force and effect for the extended Term.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Amendment effective as of the date first above written.

CITY OF WASHINGTON

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

s/Rita A. Thompson
RITA A. THOMPSON, CMC
CITY CLERK

BUDGET WORKSHOP - CONTINUED

Mr. Smith reviewed again with Council how staff had to find a way to reduce the need for the one time revenue of \$750,000 from last year, with no increases in fees, etc., which came down to \$12.4 million for the General Fund. It required a \$330,000 reduction over last year's budget and still short of revenue. There is a need for a \$.08 cents tax rate to cover current expenses.

Police

- 15% increase, largely from fuel prices
- Three (3) vacant positions
- Retirements and turnover in positions
- Cumulative months of vacant positions will equal two (2) unfilled positions for the entire FY
- Enforce false alarm fines
- Replace five (5) police cars

E911

- Decrease from \$296,732 to \$282,760
- Continue to work on combining with County

Fire Department

- Small increase
- One additional position for Code Enforcement Officer (look closer at this; discussion held on combining with Animal Control Officer or contracting Animal Control with County)
- Additional funding for demolition, mowing weeds, etc.
- Three (3) firefighters deferred until after June 30, 2007

EMS

- 10% increase in EMS fees to provide an additional \$30,000 in revenues
- Offer billing services to other EMS departments in the area

Public Works

- Reduction of \$1,065,000 or 46%
- Moved Sanitation out of General Fund and established it as an Enterprise Fund – "Pay as You Throw"

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- Increased from \$7.00 to \$10.00; additional roll outs \$8.00 per month
 - Recycling in-house
 - Two (2) full time positions deleted (one in streets and one in cemeteries)

Equipment Services

- Consolidated with Welding/General Maintenance budget – reduction of \$60,000
- 1% added to administrative charge assessed to non-city agencies who use the Municipal fuel system

Street Maintenance

- two and one-half positions cut – one position is RIF and one and one-half positions were moved to Powell Bill funding
- Street resurfacing cut back
- Paving petition received for Pamlico Street

Powell Bill Funding

- Report on Powell Bill funding at regular May meeting (Allen Lewis)

Public Works Director's Office

- Essentially unchanged

Cemetery

- One (1) position cut
- Increased fees for weekday and weekend grave openings
- \$100 permit fee for headstone and \$50 permit fee for footstone proposed
- Overall reduction \$60,000
- Check into market rate for perpetual care
- Check into mausoleum construction costs

Water Fund

- 5.7% increase in water service charges
- Impact fees placed in designated reserve to pay for construction to increase capacity to serve new development

Sewer

- No fund balance left in Sewer Fund
- Capital investment to provide alternate disinfection of WWTP deferred
- 5% increase in wastewater service charges

RECAP – Monday, May 1, 2006:

- Animal Control Officer/Codes Inspector being combined
- Paving Pamlico Street Paving (City's share of cost at 40% is \$48,000 – 100% is \$120,000)

On motion of Councilman Gibson, seconded by Councilman Gahagan, Council unanimously adjourned the meeting at 8:00 p.m.

**Rita A. Thompson, CMC
City Clerk**